

AUDITING FOR RESULTS

KING COUNTY AUDITOR'S OFFICE

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PERFORMANCE AUDIT OF TRANSIT

The auditor's office is scheduled to present the findings of the full performance audit of Transit in September. The audit includes six primary areas of evaluation:

- Financial and capital planning
- Bus service planning/scheduling
- Staffing practices
- Paratransit
- Vehicle maintenance
- Technology and information

As part of the audit of Transit, the auditor's office presented an interim report to the Government Accountability and Oversight Committee and the Regional Transportation Committee that focused on Transit's financial planning. This interim report was presented on May 20, 2009 to ensure that decision-makers had timely and pertinent information for their discussion of Transit's financial policies in June. Our review of Transit's Revenue Fleet Replacement Fund identified \$105 million in funds over and above what is needed for planned future fleet replacements, and recommended that Transit develop a plan for reducing the size of this fund balance. We identified an opportunity for Transit to update their financial model to provide sensitivity analysis, a tool that allows testing inputs to see the impact of different assumptions and policy choices, and to make the model available for decision-makers outside of Transit. Evaluation of Transit's financial model also recommended improvement of the accuracy of capital expenditures and capital grant revenue projections. Finally, we evaluated Transit's financial policies and recommended updates to reflect the current environment.

ANIMAL CARE AND CONTROL AUDIT

This council mandated audit of the Animal Care and Control (ACC) program will evaluate how well ACC manages the flow of animals through the many stages of shelter care (such as intake, behavior assessment, and veterinary services). The audit will also assess controls

over the shelter's data management system and the reliability of program data and information on the status of animals received by the shelter. A consultant was retained to conduct a review of euthanasia policies and practices. The audit is planned for publication this fall.

EMERGENCY MEDICAL SERVICES LEVY REVIEW

Consistent with Ordinance 15862 adopting Emergency Medical Services Fund financial policies, the auditor's office retained Miller and Miller, P.S. to conduct a financial, internal control, and compliance audit of the King County voter-approved, six-year Medic One/Emergency Medical Services (EMS) Levy. The audit will evaluate the financial plan and models, including the underlying assumptions to determine their reasonableness in projecting yearly budgeted revenues to cover EMS expenses. The audit will also review the adequacy of the internal controls established by the EMS Division and five Advanced Life Support (ALS) providers to manage the EMS Levy funds, and the ALS providers' compliance with the county's 2008 ALS Service Contract requirements. The auditor's office plans to release the audit in September.

COUNTYWIDE COMMUNITY FORUMS

Countywide Community Forums is a public engagement program authorized by the King County Council and overseen by the King County Auditor, independently funded and run by volunteers. The recently completed third round was on *Values and Performance of King County Government*. Thirty-six forums were organized in homes and libraries around King County and 249 citizen councilors returned the completed questionnaire. Round 3 showed a higher level of participation from Unincorporated King County and lower participation from Seattle than in previous rounds.

When asked what programs from a list of county services needed the most attention, Round 3 participants picked "road and bridges maintenance and repair" and "transit (bus) services". They also chose "building an integrated, more effective public transportation system" as the area King County should focus on most over the next five years. This is consistent with the previous round of forums on county budget where participants picked "infrastructure maintenance" and "public transportation" as areas where more money should be spent. Similarly, during the first round of forums on Transportation, councilors chose "adding more transit services" as the best way to fix traffic.

For more information on Countywide Community Forums or to view reports from the three rounds of forums, go to www.kingcounty.gov/operations/auditor/communityforums

CAPITAL PROJECTS OVERSIGHT PROGRAM

The Capital Projects Oversight Program was established to promote the delivery of capital projects in accordance with the council-approved scope, schedule, and budget; and to provide timely and accurate project reporting. The council expanded the oversight function from a pilot program in 2007, reviewing four large capital projects, to oversight of management practices for capital projects across all departments in 2009.

With action on the 2009 Omnibus Budget Ordinance 16564, the council provided funding for programmatic efforts to improve the project delivery performance and accountability across all county capital improvement programs. Work focused to date on coordination with the Office of Management and Budget to develop standard reporting templates for major capital projects in the county's adopted Capital Improvement Program. This project performance information, along with data from the county's financial systems, will help us provide reports to the council on the status of delivery of projects. We will also develop a tool to rate the risk on projects to help identify those most likely to benefit from direct project oversight. We will also conduct a study to recommend criteria that can be used to prioritize capital projects for future oversight.

COUNTYWIDE PERFORMANCE MANAGEMENT

The Countywide Performance Management Work Group has focused on action items to implement the Performance and Accountability Act passed by the council last year. The ordinance mandates countywide strategic planning, performance management, and performance reporting to the public and the Office of Strategic Planning and Performance Management to administer this endeavor. Currently the Work Group, lead by the auditor's office, has four teams or subcommittees advising on different areas of implementation:

- Community/Public Engagement
- Employee Engagement Survey
- Assessment of Strengths, Weaknesses, Opportunities and Challenges (SWOC)
- Participation of Elected Officials

A representative survey of county residents, community workshops, and community forums will provide a broad cross-section of opinion of public perceptions of county priorities and services. In addition, county employees are asked to express their opinions through a web-based survey instrument.

Countywide elected officials have already convened to develop countywide mission, vision, and guiding principles, and will be reviewing the proposed strategic plan once it is drafted. The culmination of these

coordinated efforts will be the development of an initial draft of the first-ever countywide strategic plan before yearend 2009; a final plan should be completed in May of 2010.

PRIOR AUDIT RECOMMENDATIONS LEAD TO LEGISLATION

Compliance Audit Historic Preservation Funding

This audit identified opportunities for improved accountability and transparency in the use of recording surcharge revenues. It recommended that an annual financial plan be developed to promote transparency for the expended and unused surcharge account balance. Consistent with the report, council enacted an ordinance that established the King County Historic Preservation and Heritage Financial Advisory Task Force. The purpose of the committee is to study the funding structure for historic preservation and heritage programs in King County, including the historic preservation program, landmarks commission, the cultural development authority of King County and local heritage organizations receiving funding.

Environmental Health Services Financial Audit

Mission Statement

Through objective and independent audits and services, we promote and improve performance, accountability, and transparency in King County government.

Our new mission reflects additional program mandates our office is implementing along with our core audit work. We are proud of the contributions the auditor's office makes to improving performance and promoting trust in county government.

The financial audit of the Environmental Health Services Division of the Seattle-King County Department of Public Health (DPH) found that the fee revenue generated by the division's programs had created a large balance in the division's reserve fund. We recommended that DPH review the need for fee increases in future years in order to draw down the fund balance. Earlier this year the King County Board

of Health voted not to impose an approved fee increase for inflation for most Environmental Health fee-based programs. This was based in part on the audit findings and the department's assessment of revenue projections.

Capital Projects Oversight

To build on their previous efforts to ensure oversight of capital projects, on July 14, 2009 the council passed Motion 13026. It calls for a method of assessment and definition of high risk projects, phased funding release, formal risk register and risk assessment, and earned value forecasting. There will also be requirements for standard reporting for all appropriation requests and standards for estimates that affect all capital projects. These requirements enhance legislative oversight and implement recommendations made by the Design of a Model for the Auditor's Office Capital Project Oversight Reporting prepared by PMA Consultants and presented to council in September 2007.